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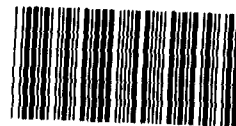
United States General Accounting Office

Report to Officials of Congress and the
District of Columbia

March 1991

DISTRICT'S WORKFORCE

Annual Report Required by the District of Columbia Retirement Reform Act



143649

GAO/GGD-91-71



United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-208412

March 29, 1991

The Honorable Thomas S. Foley
Speaker of the House of Representatives

The Honorable Robert C. Byrd
President Pro Tempore
United States Senate

The Honorable John Glenn
Chairman, Committee on Governmental Affairs
United States Senate

The Honorable Ronald V. Dellums
Chairman, Committee on the
District of Columbia
House of Representatives

The Honorable Robert C. Byrd
Chairman, Committee on Appropriations
United States Senate

The Honorable Jamie L. Whitten
Chairman, Committee on Appropriations
House of Representatives

The Honorable Sharon Pratt Dixon
Mayor of the District of Columbia

The Council of the District of Columbia
Washington, DC

In accordance with subsection 145(b) of the District of Columbia Retirement Reform Act (Public Law 96-122, as amended by Public Law 98-104), we are sending you our comments on the enclosed report prepared by Mr. Thomas Lowman, of William M. Mercer, Inc., on the disability retirement rate of District of Columbia police officers and firefighters. The act provides for annual federal payments to the District of Columbia Police Officers and Fire Fighters' Retirement Fund. These payments, however, are to be reduced when the disability retirement rate exceeds an established limit. The purpose of making the payments subject to a reduction was to encourage the District government to control disability retirement costs.

Mr. Lowman, an enrolled actuary, was engaged by the District of Columbia Retirement Board to (1) determine the 1990 disability retirement rate for District police officers and firefighters hired before February 15, 1980; (2) determine if that rate exceeded eight-tenths of 1 percentage point; and (3) prepare the annual report required by the act.

Subsection 145(a) of the act, as amended, established a "trigger mechanism" for determining whether the annual federal payment of \$34,170,000 to the District of Columbia Police Officers and Fire Fighters' Retirement Fund (authorized under subsection 144(a)(1) of the act) is to be reduced. The Comptroller General is required by the act to make this determination each year on the basis of a review of the disability retirement rate computed by the enrolled actuary. We have reviewed the actuary's report and other relevant data and concluded that no reduction is required in the fiscal year 1992 federal payment to the District's police and firefighters' retirement fund.

Basis for Our Determination

As defined by subsection 145(a)(2) of the act, as amended, the disability retirement rate is a fraction, the numerator of which is the number of District of Columbia police officers and firefighters hired before February 15, 1980, who retired on disability during the applicable calendar year. The denominator is the total number of police officers and firefighters hired before February 15, 1980, who were on active duty as of January 1 of the applicable calendar year.

A disability retirement rate greater than eight-tenths of 1 percentage point triggers a reduction in the next annual federal payment. Thus, the trigger mechanism governing the fiscal year 1992 payment is based on members retiring on disability in calendar year 1990 (the numerator) and members on board on January 1, 1990 (the denominator). The enrolled actuary must report the determinations made under the law, along with related documentation, to the Retirement Board and to the Comptroller General no later than March 1 of each year.

Our comments must include a statement as to whether the determinations made by the enrolled actuary fairly present, in all material respects, the requirements of the law. The law also requires that we make a determination as to the amount, if any, by which the annual federal payment is to be reduced. A reduction in the federal payment would amount to 1-1/2 percent for each whole tenth of a percentage point by which the disability retirement rate is greater than eight-tenths of 1 percentage point.

We have reviewed the enclosed report from the actuary, which shows that 9 police officers and 15 firefighters who were hired before February 15, 1980, retired on disability in 1990. We did not verify to source documents the information on disability retirements and employment strength provided by District officials. On January 1, 1990, there were 797 active firefighters and 2,384 active police officers who had been hired before February 15, 1980. Thus, the actuary determined the disability retirement rate to be 0.754 percent. Since this rate is less than eight-tenths of 1 percentage point, no reduction is required in the fiscal year 1992 payment to the District's police and firefighters' retirement fund.

In our opinion, the determination made by the enrolled actuary meets, in all material respects, the requirements of the law.

We are sending a copy of this report to the District of Columbia Retirement Board. Copies will be made available to other interested parties upon request.

Brenda Bridges, Senior Evaluator, Federal Human Resource Management Issues, was the principal contributor to this report. If you or your staff have any questions, please call me on (202) 275-5074.



Bernard L. Ungar
Director, Federal Human Resource
Management Issues

Actuary's Report

**WILLIAM M.
MERCER**
INCORPORATED

Thomas B Lowman, FSA
Principal

February 25, 1991

Hand Delivered

Mr. Charles A. Bowsher
Comptroller General of the United States
General Accounting Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Bowsher:

**Disability Retirement Rate for 1990 Calendar Year
District of Columbia Police Officers and Firefighters'
Retirement Fund**

Public Law 98-104 requires that the enrolled actuary determines the disability retirement rate and report on the disability retirement rate by March 1 of each year, with respect to the rate for the preceding calendar year.

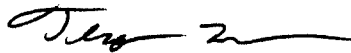
The following employee data and disability retirement data was made available to me by the D.C. Retirement Board and D.C. Police and Firefighters Retirement and Relief Board respectively:

1. Number of active police officers as of January 1, 1990, hired on or before February 14, 1980: 2,384
2. Number of active firefighters as of January 1, 1990, hired on or before February 14, 1980: 797
3. Numbers of 1990 disability retirements among employees hired on or before February 14, 1980: 24 (9 police officers, 15 firefighters)

Based on this data, the disability retirement rate for 1990 as defined in Public Law 98-104 amending subsection 145(a) paragraphs (1) and (2) of the District of Columbia Retirement Reform Act (P.L. 96-122), is 0.754%.

The disability retirement rate calculated above is not greater than 0.8%, i.e. eight-tenths of a percentage point.

Sincerely,



TL/plm

Enclosure

cc: Mr. William Stanton
Mr. Jorge Morales

Mr. Larry H. Endy
Ms. Carolyn Smith

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